

REMARKS / ARGUMENT

Reconsideration and further examination of the subject patent application in light of the present Amendment and Remarks / Argument is respectfully requested.

Rejections under 35 USC §112

The Examiner has rejected claims 35-47 under 35 U.S.C. 112, second paragraph, for failure to point out and distinctly claim the subject matter of the invention. Independent claims 35 and 41 are specifically cited for use of the term "the third party is not part of the communication."

Claims 35 and 41 are amended herein to now contain identification of the second party as the digital tokens issuers and the third party as a service provider, as necessary, in accordance with the suggestion from the Examiner. Claims 35 and 41 are also amended to specifically recite that the user and the third party do not exchange tokens, in accordance with the specification and the existing interpretation of the claims. No new material is added and no other claims are amended or added herein.

Applicant respectfully submits that the above amendments fully address and overcome the cited rejections under 35 U.S.C. §112.

Rejections under 35 USC §103

The Examiner has rejected claims 35-37 and 41-47 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,236,981 to Hill ("Hill") in view of U.S. Patent No. 5,839,119 to Krsul et al. ("Krsul").

As previously discussed by the Applicant in prior responses, Hill discloses a transaction system whereby a token is passed from a user to a merchant in exchange for a good/service, and the merchant then confirms the token via separate authentication tokens which are exchanged by the merchant and the token issuer. Per Applicant's claimed invention, there is no passage of the token from the user to the merchant, nor is there any need for separate authentication tokens.

In summary, the Hill transaction sequence is thus: user sends token to merchant; merchant sends two tokens (user token + authentication token) to payment service; payment service sends token (new authentication token) to merchant. Applicant's claimed sequence is thus: user sends cancelled token report to second party (payment service / token issuer), second party authenticates cancelled tokens based on report. There is no communication with the third party (merchant) providing the service paid for by the tokens.

As previously discussed by the Applicant in prior responses, Krsul discloses a token system based on separating a single token into two halves, one half held by the buyer, and one half held by the seller. To complete a transaction, the two halves are merged and verified. Thus, the obvious limitation of Krsul is that the tokens are specifically linked to a particular buyer and seller, and are not available for alternate uses once the separation has taken place. This limitation is not present in Applicant's claimed invention and, furthermore, represents the one of the limitations of the existing prior art that Applicant's invention is intended to overcome. The buyer is not capable of changing their mind either to not complete the transaction, or to change sellers, as either action would invalidate their existing half-token and require the token issuer to be contacted anew and a new token split into new halves. Applicant's invention, as claimed, has no such limitation on the buyer or the tokens.

Additionally, Krsul requires the token issuer to participate in each transaction, to provide and split the tokens. This requirement creates a security and privacy risk to both the buyer and seller, as well as creating substantial overhead on the transaction. Again, Applicant's invention, as claimed, does not create those risks and does not create the same degree of overhead.

The Examiner has rejected claims 38-40 under 35 U.S.C. 103(a) as being unpatentable over Hill in view of Krsul and further in view of Business Wire, "Subscriber Computing Inc. Installs Real-Tome Information System Suite for Douglas Telecommunications Inc.", Nov. 19, 1997 ("Subscriber").

Applicant respectfully traverses this rejection. However, in light of the above amendments and remarks, Applicant respectfully submits that the above rejection is no longer applicable.

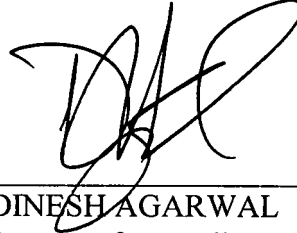
Summary

For the foregoing reasons, the Applicant respectfully submits that the subject application is in condition for allowance and earnestly and respectfully solicits an early Notice of Allowance. Should the Examiner be of the opinion that a telephone conference would expedite prosecution of the subject application, the Examiner is respectfully requested to call the undersigned at the below-listed number.

Appl. No. 09/586,881
Amendment dated August 27, 2007
Reply to Office Action of May 4, 2007

The Commissioner is hereby authorized to charge any additional fee which may be required for this application under 37 C.F.R. §§ 1.16-1.18, including but not limited to the issue fee, or credit any overpayment, to Deposit Account No. 01-0433. Should no proper amount be enclosed herewith, as by a check being in the wrong amount, unsigned, post-dated, otherwise improper or informal, or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 01-0433.

Respectfully submitted,



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